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SOME FUNDAMENTAL PROBLEMS IN MARKETING FARM PRODUCTS.¹

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Research and educational work in marketing stands today where production work in agriculture stood a half century ago. It has not been very many years since the professor of agriculture assumed jurisdiction over the whole field of agricultural production. Today we find that field, once tended by a single individual, divided into a great number of small fields, each jealously guarded by an array of technical experts. Marketing work, in my opinion, must go through the same evolutionary development. Comparatively speaking, the present-day worker in the field of marketing is a pioneer; of necessity he assumes jurisdiction over a wide field. He touches lightly many places, but he is expected to diagnose all the apparent ills incident to marketing and distribution of farm products, and to prescribe a remedy. Everywhere he encounters difficulties; alleged discrimination, unfair practices, unjust profits, too many middlemen, unfair prices, manipulation, speculation, hoarding, improper grading, inadequate facilities for transportation and storage, embargoes, and the like, all of which some one wants solved immediately. He is hurried from one field of action to another with such rapidity that he rarely has time to contemplate the magnitude of his task. Moreover, he does not proceed very far in his work before he is forcibly impressed with the fact that it is impossible to satisfy very many people at one time. There is widespread expectancy that far-reaching, if not revolutionary, results should be forthcoming from every study relating to the marketing of farm products. This, of course, is impossible because the development of agricultural commerce from simple barter and trade of early days to the present complicated system, with its wholesalers, jobbers, brokers and other agencies, has been a matter of slow growth through centuries. One of the fundamental problems, therefore, confronting the agencies engaged in this work is the development of public information to the point where people gener-

¹ Paper read at the tenth annual meeting of the American Farm Economic Association, Chicago, Illinois, November 13, 1919.

ally realize that the present marketing machinery is a product of evolution; that any improvement must continue to come through gradual improvement in method and procedure and not through the setting up instantly of a perfectly efficient and automatically operated new marketing machine. The worker in the field of marketing can assist in the development of better marketing practices just as the worker in the field of production has assisted, and is now assisting, in the improvement of general farm practices. Specialization is as necessary in marketing as it is in production. The man who spreads his efforts over a wide range of subjects in marketing as in any other field does not become an expert in any one branch of it. The subject is too big for any one individual to progress far in the solving of its problems unless he confines his activities to a limited part of it. The same fundamental principles must be followed in a development of marketing work that have been followed in the development of any other line of classified knowledge. There is need now for thorough-going investigational and research work in each subdivision of the marketing field.

In order to be able to give real service to producers and marketing agencies, the marketing specialist must be utilized. The man who knows fruit and vegetable trade practices may not know, and usually does not know, enough about trade practices in other commodities to give constructive assistance. In fact, the first step in the solution of present marketing problems is in the collection and dissemination of specific and definite information to the interested public. The producer must know trade practices and market conditions in order to be more able to protect himself and to secure full value for his products. Regulatory laws, of course, are necessary, but if the buyer or seller does not know the provisions of the law he may not, and quite likely will not be able to take advantage of the protection the laws afford him. This is one field where, in the immediate future, the marketing specialist can be of great service.

One of the most difficult problems is that of securing properly trained men to undertake investigational or extension work in marketing. Fundamental training in economics and agriculture, supplemented by business experience, together with good judgment and some knowledge of rural and commercial psychology are desirable possessions of a specialist in marketing. It is hard to find this combination of qualities in a great number of men available for marketing work. Good judgment is a rare asset for any enterprise, but I think it pays greater dividends in marketing than in almost any other phase

of agricultural work. The successful marketing worker also must possess tact and diplomacy; he must be able to gain the confidence alike of the aggrieved farmer and the shrewd business men. He must understand the problems of each of them in order to do this. The farmer frequently has a deep conviction that the man who buys his product possesses a business conscience which permits him to employ sharp practices with impunity. The business man on the other hand may believe that the check which he writes in payment for farm products is all profit to the farmer. Usually neither is acquainted with the operating costs and hazards of the business of the other. Lack of information and understanding are at the bottom of many of our marketing troubles. The spotlight of publicity will clear up much of the dissatisfaction that exists with respect to present marketing practices and will also light the way for needed reform.

Another problem which confronts workers in the field of marketing is that of educating the business man to the point where he will concede that farmers have a moral right to enter the field of marketing. Today many business men feel that the farmer commits a great moral and economic crime when he extends his activities into the field of marketing. Business men do not confine their activities to one field. In fact, the more successful ones are engaged directly or indirectly in a number of enterprises, frequently including the field of production. Many of them through the holding of stock or through other means participate in the profits of every agency handling farm products from the farm itself to the consumer. If consistency is to rule, therefore, each individual should confine his attention and capital to one enterprise alone, or the privilege of extending activities into two or more fields should be granted to all without prejudice. The farmer is actively entering the field of marketing. We have in this country today more than 15,000 farmers' business organizations with a membership of approximately two millions. Almost all of these organizations are at the local market; the extension of these organizations to the terminal and distributing centers in greater numbers is only a matter of time. The farmer has been accustomed to purchase supplies at retail and market his products on a wholesale basis. Organization will enable him to purchase supplies at wholesale and participate in the profits derived from the marketing and distribution of his products. Farmers' organizations, as well as the so-called regular dealers, are in need of market information and here the State and Federal agencies engaged in this work have a wide field for service.

The establishment of uniform standards for farm products, the development of reliable and efficient market news services, the collection of accurate data on the cost of marketing, the development of adequate warehouse and storage facilities, and other similar problems await the combined effort of State and Federal agencies to effect their solution. Along with activities of this kind there is need for what may be called special economic studies. For instance, the enforcement of the Wheat Guarantees has shown the need of study of the relation of prices to grade in the marketing of grain. The operation of a fixed price and fixed grade raised many perplexing problems. The whole question of the economics of standardization of farm products is an intensely interesting and practical problem. Standardization is a simple term, but it has many perplexing angles. While the fundamental economic purpose of standardization is the same for all farm products, the standardization of cotton, for example, as a practical matter, is an entirely different problem from the standardization of grain or of livestock.

Studies in cost of marketing farm products must be undertaken in a systematic and scientific manner, if information on this subject is to be available to supplement that now being obtained relating to the cost of production. The picture is not complete, and neither the farmer nor the consumer will be satisfied until this is done.

Another fundamental problem which deserves serious consideration is that of the rapidly developing tendency of the public at every opportunity to ask for legislation, either state or federal or both, to improve present marketing methods and to reduce the high cost of living. The all too general request that every apparent marketing difficulty be corrected by legislation will only confuse the situation. Wise legislation relating to marketing practices is highly desirable, but the impossibility of legislating effectively to correct all the ills of human kind has long been recognized. Legislation should be enacted which will ensure equal opportunities for all who desire to engage in marketing enterprises, but legislation must not be expected to take the place of, nor to provide experience and native ability. The farmer must learn either from experience of his own or from that of others that when he enters the field of marketing he is subject to the same economic laws that control the destiny of the so-called business man. I, for one, do not believe that the average farmer wants special privileges. I believe also that if he is ensured by regulatory laws a free and open field for the exercise of his ability, he will establish a place in the commercial world which will be not only a source of credit and profit to himself, but also the country at large.